



June 30, 2008

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**ADDENDUM NUMBER THREE
REQUEST FOR PROPOSALS #OC2008-001
MANAGED CARE INFORMATION SYSTEM AND
OPERATIONS AND MAINTENANCE SERVICES**

Dear Prospective Proposer:

This Addendum Number Three to the Request for Proposals (RFP) #OC2008-001, for the Managed Care Information System and Operations and Maintenance Services issued by the Department of Health Services on March 27, 2008 provides as follows:

The responses to Proposer questions submitted by June 24, 2008 are in ATTACHMENT I and ATTACHMENT II to this addendum.

[END OF BODY OF ADDENDUM NO. 3]

(Addendum No 3 080630.doc)

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through leadership,
service and education.*



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**REQUEST FOR PROPOSALS - BID #OC2008-001
MANAGED CARE INFORMATION SYSTEM AND
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ATTACHMENT I TO ADDENDUM NO. 3

PROPOSER POST CONFERENCE QUESTIONS (SUBMITTED AS OF JUNE 24, 2008)						COUNTY'S RESPONSE
#	Document Reference	Section	Page #	Reference Text	Question	
1	N/A	N/A	N/A	N/A	Can we please receive the RFP in Word format to eliminate the need for retyping requirements in our response?	Microsoft Word versions of select Request for Proposal (RFP) documents are included in the file RFP.zip which can be downloaded from the Contract Opportunities section of the Community Health Plan (CHP) website: http://dhs.lacounty.gov/chp .
2	RFP Body	1.3	N/A	N/A	Are specific types of clinical editing required for application within the Claims Processing System like rebundling, bundling, mutually exclusive, etc.?	Yes, the proposed System's Claims Processing System should be capable of performing clinical edits that will help CHP maintain compliance with the following (subject to changes in regulations, CHP contractual obligations and/or County's Department of Health Services policy and procedures): National Correct Coding Initiative (NCCI) (http://www.ntis.gov/products/ccl.aspx), National and Local Medical Necessity, Correct Coding Initiatives (CCI), International Classification of Diseases (ICD-9) and Current Procedural Terminology (CPT)/Healthcare Common Procedure Coding System (HCPCS) edits.
3	RFP Body	1.3	N/A	N/A	Do edits that are present in the existing Claims Processing System have to be duplicated in the replacement system? If so, please identify what types of editing exist in the current system.	The County's legacy system performs basic clinical edits in processing claims (e.g., CPT/HCPCS edits for age, gender and procedure). The proposed System should be configurable with these edits as well as those specified in question #2 of this Addendum.
4	RFP Body	1.1	1	As of the issuance of this Request for Proposals, the Programs offered by CHP to the residents of Los Angeles County are listed below, with total average membership at approximately 230,000.	This says that the County has 230,000 covered lives. At the Bidder's Conference, a County official mentioned there are 160,000 covered lives. Could you clarify the discrepancy between these numbers?	The total average membership of approximately 230,000 include CHP product lines (Medi-Cal Managed Care Program, Healthy Families Program, PASC-SEIU Homecare Worker Health Care Plan, County's Temporary Employees Program, COBRA/CAL-COBRA, and CHP Individual Conversion Plan), which is approximately 160,000 members, and OMC operational support for the Healthy Way LA Program and the General Relief Health Care Program.
5	Appendix C	N/A	N/A	N/A	This Appendix contains a number of service level agreements, terms that the selected vendor must comply with or face penalties. Are these requirements in place today? If so, are they being met?	The specific requirements in Appendix C (Operations and Maintenance Services) are not included as part of the maintenance and operations services with our current contractor. However, the contractor's Project Manager is available to County on a daily basis. The contractor's Project Manager is immediately contacted via email and/or by telephone to address issues that County deems urgent. Overall, response time and resolution to issues are reasonably provided in a timely manner.

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6	Appendix C	5.1	N/A	N/A	What is the volume of calls being placed by the County today by Priority level?	<p>For the purpose of responding to this RFP, Proposers may use the following statistics:</p> <p>Calls per Month - 100</p> <p>Priority Levels: Priority Level I - 2% Priority Level II - 3% Priority Level III - 55% Priority Level IV - 40%</p> <p>Calls Received During: System Availability Hours - 95% System Non-availability Hours - 5%</p> <p>These are provided for informational purposes only and do not constitute any type of representation regarding calls placed with the proposed System.</p>
7	Attachment B-3	1.10	6	The System is capable of interacting with the Microsoft Office 2003 suite of applications and is capable of supporting foreign language fonts. Proposer will enter all supported foreign language fonts in the Comment column or as an attachment to Proposer's response to this Attachment.	Does the application need to support a specific character set? If so, what is it for Oracle and/or SQL databases?	The proposed System should support the foreign language fonts for the following languages (as specified in question number three (3) of Attachment 1 to Addendum 1): Armenian, Chinese, Farsi, Khmer, Korean, Russian, Spanish, Tagalog, Vietnamese and English. The Proposer should obtain specific technical character set information directly from their application provider.
8	Attachment B-3	11.3	39	Provide statistics for peer review.	What kind of statistics do you want to see?	Please refer to question number twenty-two (22) of Attachment 1 to Addendum 1 of the RFP.
9	Attachment B-3	11.4	39	Provide statistics for patterns of treatment.	Please explain what you mean by patterns of treatment. Can you give us an example?	The term "patterns of treatment" aka "patterns of care" refer to the data collected under a Congressional Mandate to National Cancer Institute (NCI) (Public Law 100-607, Sec 413 (a)(2)(C) adopted November 4, 1988). The project is coordinated jointly by the Division of Cancer Control and Population Sciences and the Division of Cancer Treatment and Diagnosis. Please refer to the NCI website at: http://healthservices.cancer.gov/surveys/poc/ for more information.
10	Attachment B-3	11.13	39	Provide utilization report cards.	What kind of information do you wish to see on the utilization report cards?	Please refer to the "Report Cards" and "Healthcare Effectiveness Data and Information Set (HEDIS) & Quality Measurement" sections of the National Committee for Quality Assurance (NCQA) website: http://www.ncqa.org/tabid/59/Default.aspx

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11	Addendum No. 1	40	N/A	N/A	The Addendum_No1_080623.pdf document now available for download contains a response to question #40 on page 7. After reading the County's response, [vendor name] is still unclear what documents from Attachment B require completion for Tab 3 (indicated on page 32 of the original RFP PDF). Does the County require response to B: Statement of Work; B-1: Project Control Document; B-2, Project Status Report Form; B-5, County Hardware and Infrastructure Requirements; B-6, System Configuration and Design; B-7, Deliverable and Final System Acceptance Certificates; and B-8, Late Delivery Credits? If you do require a response to each of these documents as our response to Tab 3, is it acceptable to redline these documents?	For Tab 3 of the proposal, the County expects Proposers to respond to the Tasks, Subtasks and Deliverables specified in Appendix B (Statement of Work) only.
12	Attachment B-3	3.47	N/A	Provide on-line remote verification of membership eligibility and benefits information by member ID, member name, and SSN.	Who is (are) the user(s)? What are they trying to accomplish? How do they intend to access the information?	Please refer to the definition in Section 1.3.9 (Authorized Users) of Appendix A (Sample Agreement). Since REQ # 3.47 is under the category of 3.0 (Membership/Enrollment/Eligibility) of Attachment B-3 (General and Functional Requirements), the Authorized Users will, but not limited to, verify membership/enrollment/eligibility status of members and validate/update member demographic information. Regarding access to information, please refer to Section 1.3 (Purpose) of the RFP and Section 2.1 (Contractor Responsibilities), 2.3 (System Architecture), Subtask 2.2 (Document County Hardware and Infrastructure Requirements), Subtask 3.1 (Establish Access to System), Subtask 3.3 (Configure HIPAA Compliant Interfaces), Subtask 3.4 (Develop Custom Interfaces), and any other pertinent referenced sections and documents as described in Appendix B (Statement of Work).
13	Attachment B-3	4.21	N/A	Maintain user defined required provider credentialing information.	Please clarify what data elements should be user configurable.	County requires the ability to define certain data elements associated with provider credentialing that are above most credentialing software application's standard set of data elements. In responding to this requirement, the Proposer should describe the System's capability, if any, in providing County with user defined and configurable data elements.
14	Attachment B-3	5.5	N/A	Provide ability to capture all data required for NCQA.	What NCQA certifications has the County achieved?	At this time, the County is not NCQA accredited. However, County is currently preparing for NQCA accreditation and anticipates accreditation by 3rd quarter 2009.
15	Attachment B-3	5.13	N/A	Provide ability for standard interface, but not limited, to the following:	See questions #16 through 22.	See response to Questions 16 through 22.

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16	Attachment B-3	5.14	N/A	a. National Practitioner Data Bank	Who is (are) the user(s)? What are they trying to accomplish? How do they intend to access the information?	Please refer to the definition in Section 1.3.9 (Authorized Users) of Appendix A (Sample Agreement). Since this requirement is under the category of 5.0 (Provider Credentialing) of Attachment B-3 (General and Functional Requirements), the Authorized Users will, but not limited to, verify provider credentials, license status, and sanctioned information. Regarding access to information, please refer to Section 1.3 (Purpose) of the RFP and Section 2.1 (Contractor Responsibilities), 2.3 (System Architecture), Subtask 2.2 (Document County Hardware and Infrastructure Requirements), Subtask 3.1 (Establish Access to System), Subtask 3.3 (Configure HIPAA Compliant Interfaces), Subtask 3.4 (Develop Custom Interfaces), and any other pertinent referenced sections and documents as described in Appendix B (Statement of Work).
17	Attachment B-3	5.15	N/A	b. California Medical Board	Who is (are) the user(s)? What are they trying to accomplish? How do they intend to access the information?	See response to Question 16 above.
18	Attachment B-3	5.16	N/A	c. Healthcare Integrity and Protection Data Bank	Who is (are) the user(s)? What are they trying to accomplish? How do they intend to access the information?	See response to Question 16 above.
19	Attachment B-3	5.17	N/A	d. State Board of Medical Examiners	Who is (are) the user(s)? What are they trying to accomplish? How do they intend to access the information?	See response to Question 16 above.
20	Attachment B-3	5.18	N/A	e. Federation of State Medical Board	Who is (are) the user(s)? What are they trying to accomplish? How do they intend to access the information?	See response to Question 16 above.
21	Attachment B-3	5.19	N/A	f. Department of Professional Regulations	Who is (are) the user(s)? What are they trying to accomplish? How do they intend to access the information?	See response to Question 16 above.
22	Attachment B-3	5.2	N/A	g. Others as defined by users	Who is (are) the user(s)? What are they trying to accomplish? How do they intend to access the information?	See response to Question 16 above.
23	Attachment B-3	6.30	21	Allow the following types of payment/contract types: Withholds	Please clarify how withholds are processed and how funds are allocated?	Please refer to the section of Attachment II to this Addendum that describes "Basic Risk Arrangement". This section also describes the withhold and allocation arrangements for each risk type.
24	Attachment B-3	8.11	N/A	Support risk pools based on primary care, hospital, specialist, and ancillary services.	Please define and clarify this requirement	See the response to Question 23.
25	Attachment B-3	8.12	N/A	Support the use of washout proration calculation.	Please define and clarify this requirement	The washout period is the term between the commencement of a capitation agreement between a provider and CHP where the provider is reimbursed for services under a fee for service model until the provider reaches a predetermined patient threshold at which time the provider's capitation agreement takes full force and effect. Should the provider's assigned patient population fall below the threshold, the provider continues to be paid on a capitation basis.

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26	N/A	N/A	N/A	N/A	How should companies account for travel related expenses to provided onsite services such as training provided to the LA County staff?	Please refer to Section 2.9.2 (Appendix K - Pricing Sheet) of the RFP and Section 1.3.53 (Out-of-Pocket Expenses), Section 4.3 (Additional Work), and Section 7 (Contract Sum) (particularly, Section 7.6) of Appendix A (Sample Agreement).

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Basic Risk Arrangement

Under fee-for-service reimbursement model, a physician's income increases with the number of services provided. In contrast, when a physician assumes risk, income decreases as the number of services provided increase.

Role of the Primary Care Physician (PCP)

- Management of the member's health care.
- Control referrals of patients to specialist providers.
- Assumes financial risk for the cost of the member's health care.

Types of Medical Services

- Primary care services (defined as the services of the primary care physician plus laboratory and radiology services)
- Specialty care services (usually delivered by specialist physicians)
- Hospital services (including outpatient services but not physician services; sometimes including drugs)

Payment and Withholds

- The PCP receives capitation payments for primary care services.
- Capitation is usually 95 percent of the fee-for-service cost for those services.
- The PCP immediately receives eighty (80%) percent of the capitation payment and twenty (20%) percent is withheld.
- If the PCP meets the volume performance standard (VPS), as determined by the health plan, the 20 percent withhold is returned to the PCP. If the standard is not met, the withhold is used to cover the deficit and the remainder is returned to the PCP.

Hospitals

- Federal law proscribes the health plan for putting a provider at full risk for hospital services.
- PCPs share in any savings in hospitalization cost.
- Savings are divided (usually 50/50) between the PCP and the health plan.
- Calculating savings
- The health plan calculates the projected fee-for-service cost, adjusting for actuarials (e.g., age, gender), for the member's health care. Capitation payment is a percentage (usually 95%) of the projected cost.
- The difference between the capitation payment and the actual cost constitutes the savings and is divided evenly between the provider and the health plan.

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